

**Outlook for the U.S. and Florida
Directors Loan Committee
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U.S. Forecast Summary 2011 – 2014

- Current Conditions – On the Cusp
 - Gasoline and food price shocks, bad weather, and sharp cuts in government spending slowed growth to just 1%
 - **Uncertainty over debt ceiling and deficit control paralyzed U.S. firms and poisoned confidence**
 - Euroland in turmoil over Greek and other debt issues
 - China overheating and slowing
- Expect reasonable policies to avoid disasters
- 2012 Accelerating growth and higher interest rates
- Deficit control means:
 - Lower spending growth and some cuts in benefits and in entitlements
 - Higher taxes and higher interest rates
- Main forecasts risk: (1) political and policy risks over the debt ceiling and FY 2012 budget and (2) policy decisions in Europe and China

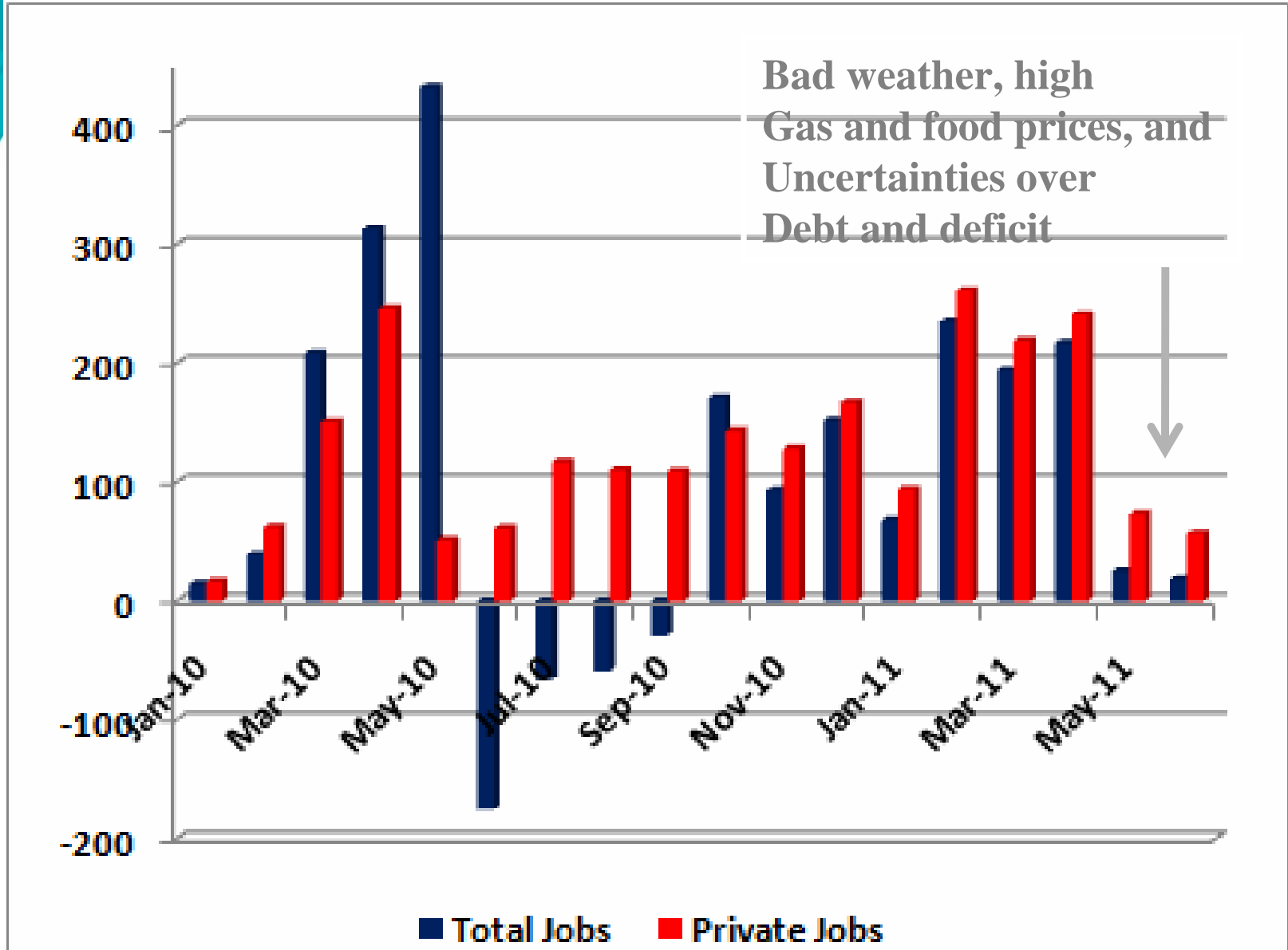
Florida Summary

- Modest recovery finally underway but real recovery will be in 2012
 - Sustained job growth lead by tourism and healthcare
 - Population growth remains weak and cannot recover fully until housing markets recover in the Northeast and in the Midwest – 2012 timeframe
 - Housing continues to be troubled and will not recover until 2013 with stronger growth in population and employment
- Recovery gains momentum 2012-2014 but peak is well below prior periods even by 2014
 - 230,000 population growth
 - 95,000 new jobs
- Geographic focus growth shifted
 - I-4 Corridor dominate growth over next decade
 - Miami-Dade, Jacksonville and St. Lucie will enjoy strong growth lead by job generation
 - Panama City area will be boosted by new airport

Treasure Coast Summary

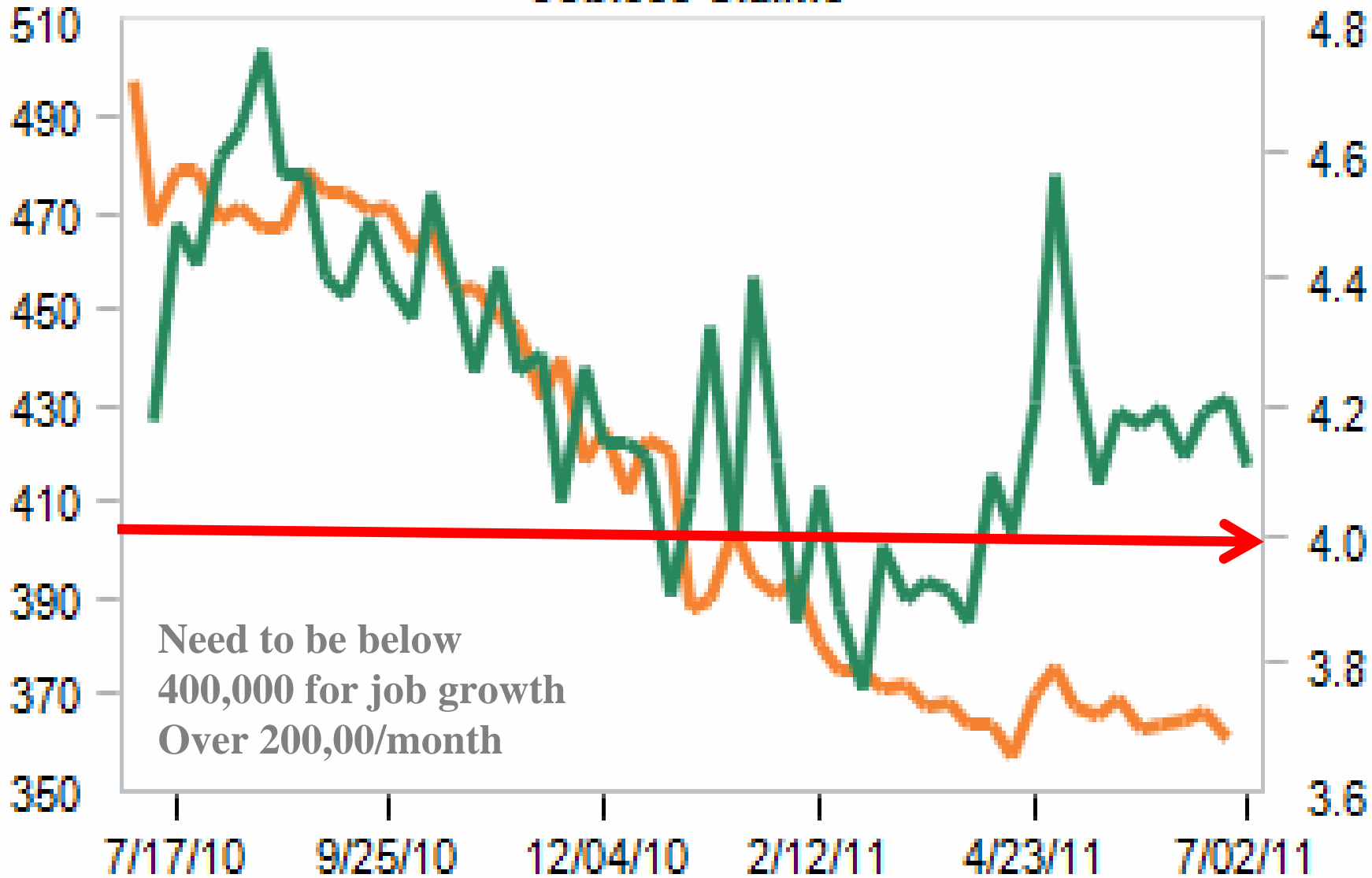
- **St. Lucie County**
 - Florida Center for Innovation will boom
 - Digital Domain, VGTI, Torrey Pines, Martin Memorial and Mann Institute = 4,000 jobs by 2014
 - North of Midway Road much weaker
- **Palm Beach**
 - Slow recovery focused on retirement and tourism
 - Population growth at 10,000 by 2014
 - Small benefits from Scripps/Max Planc in North County
- **Martin and Indian River Counties**
 - Slow growth of about 2,000 by 2014
 - Slow growth policies of the past continue to produce slow growth in the future

Growth in Jobs (000s)





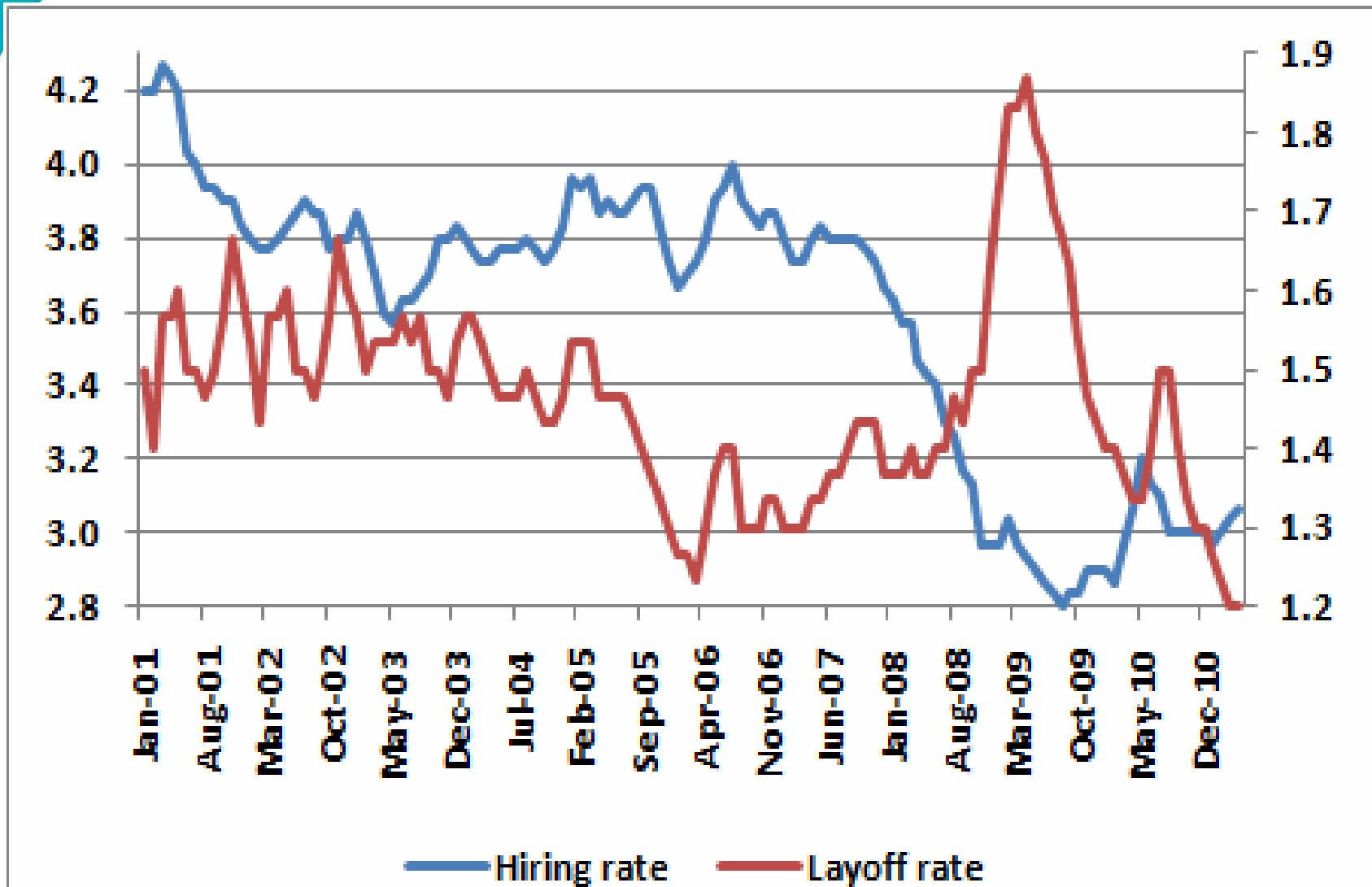
Jobless Claims



■ Initial Jobless Claims (IJC)

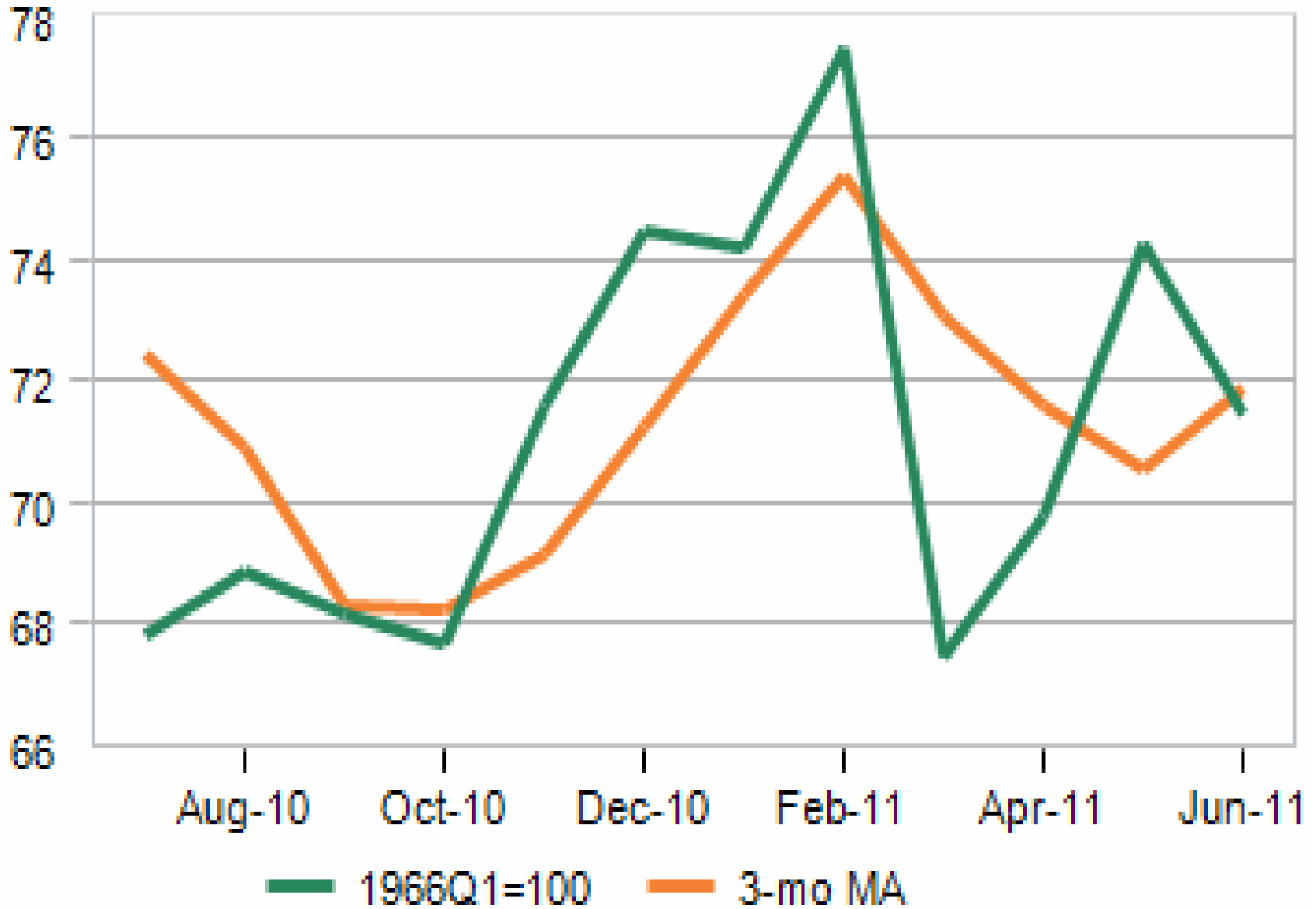
■ Continuing Jobless Claims (CJC)

U.S. Firms Not Hiring/Not Laying off Either

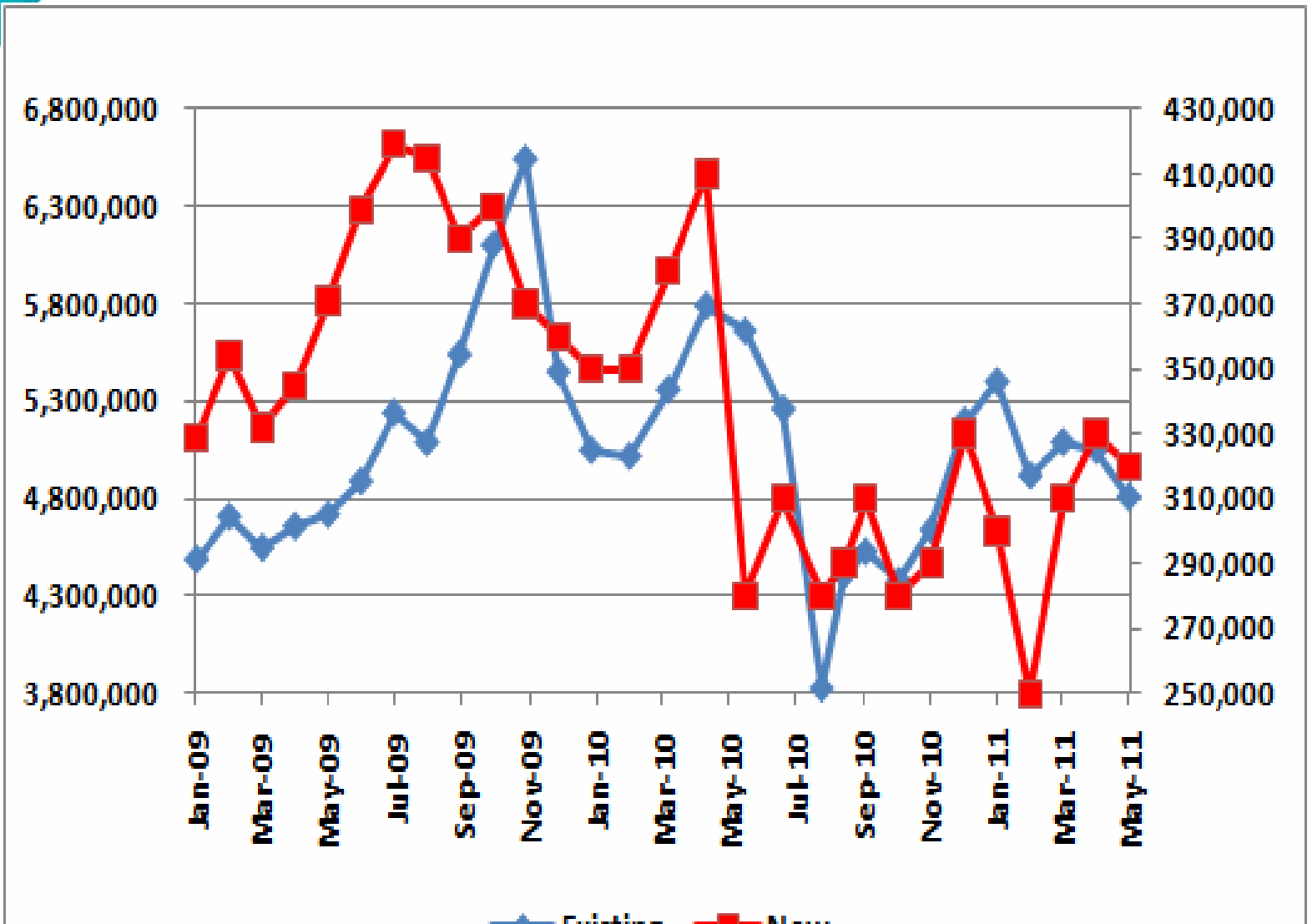




Consumer Sentiment



Sales of New and Existing Homes



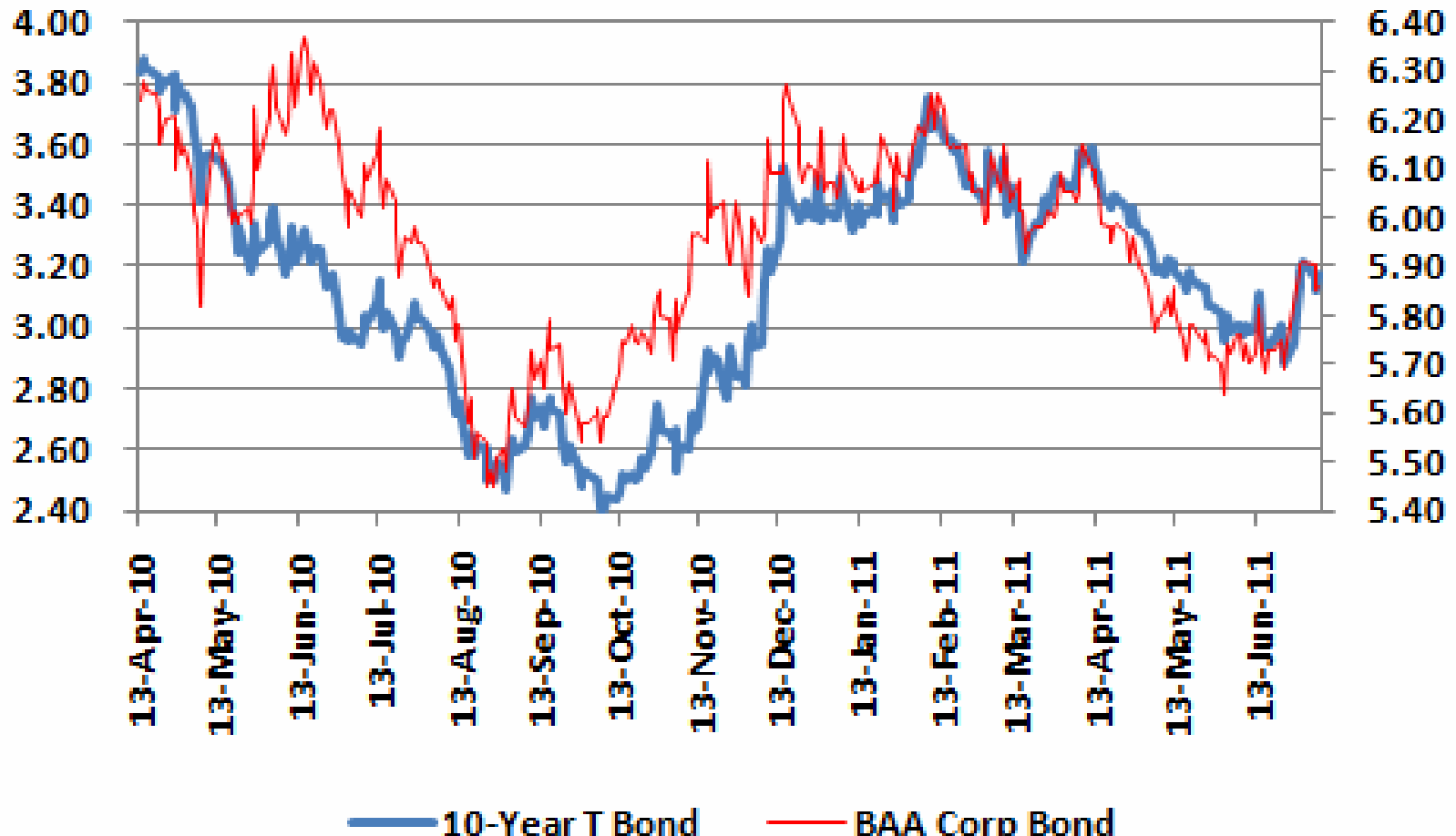
Case-Shiller Index

Area	Apr-11	11-Mar	Year Ago	Peak	% change from peak
10-City Index	0.8	-0.8	-3.1	Jun-06	-32.6
Boston ★	-0.2	-1.7	-4.2	Sep-05	-19.4
Chicago ★	-0.4	-2.4	-8.6	Sep-06	-34.7
Denver	1.5	-0.6	-4.1	Aug-06	-12.8
Las Vegas	-0.7	-1.1	-6.2	Aug-06	-58.9
Los Angeles	0.3	-0.3	-2.1	Sep-06	-38.6
Miami	-0.2	-0.8	-5.6	Dec-06	-51.2
New York ★	0.8	-1.0	-2.8	Jun-06	-23.9
San Diego	0.4	-0.8	-4.3	Nov-05	-38.3
San Francisco	1.7	-0.1	-5.5	May-06	-39.5
Washington	3.0	0.2	4.0	May-06	-25.6

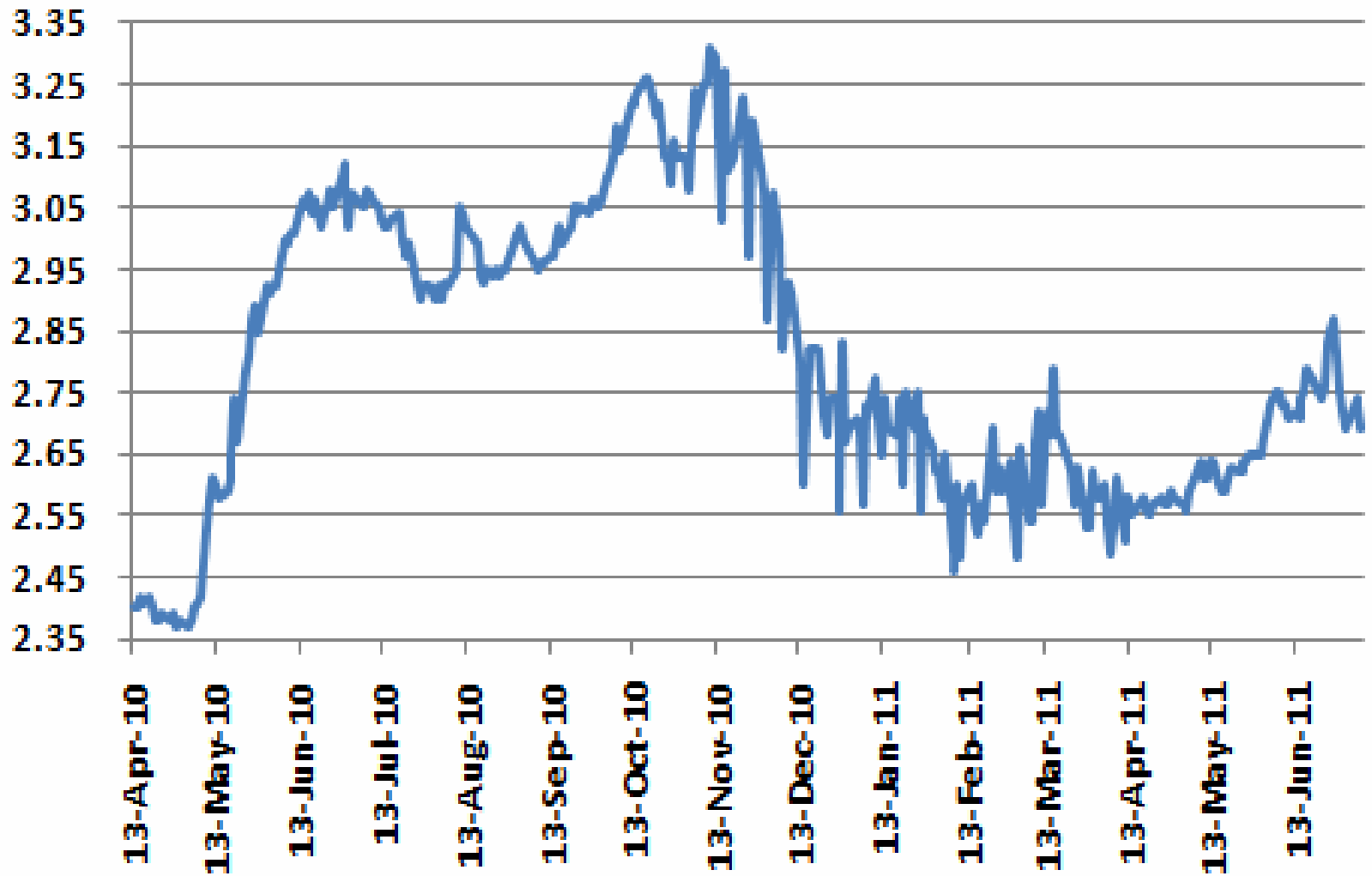
Debt Ceiling and Deficit

- Ceiling increased disaster averted at 11th Hour
 - No big deficit reduction deal
 - \$2 Billion mostly in spending cuts
 - Mostly agriculture and defense
- Real deficit control determined in 2012 election
 - If economy improves with unemployment <8%
 - Obama re-elected and Republicans lose house
 - \$4 Trillion reduction balance of spending/taxes
 - 2.5% average growth GDP 2013-14
 - If economy does not improve
 - Republicans win Whitehouse and Senate
 - Ryan plan for deficit reduction based on deeper cuts to spending and no increases in tax revenues
 - 1% or less growth GDP 2013-14

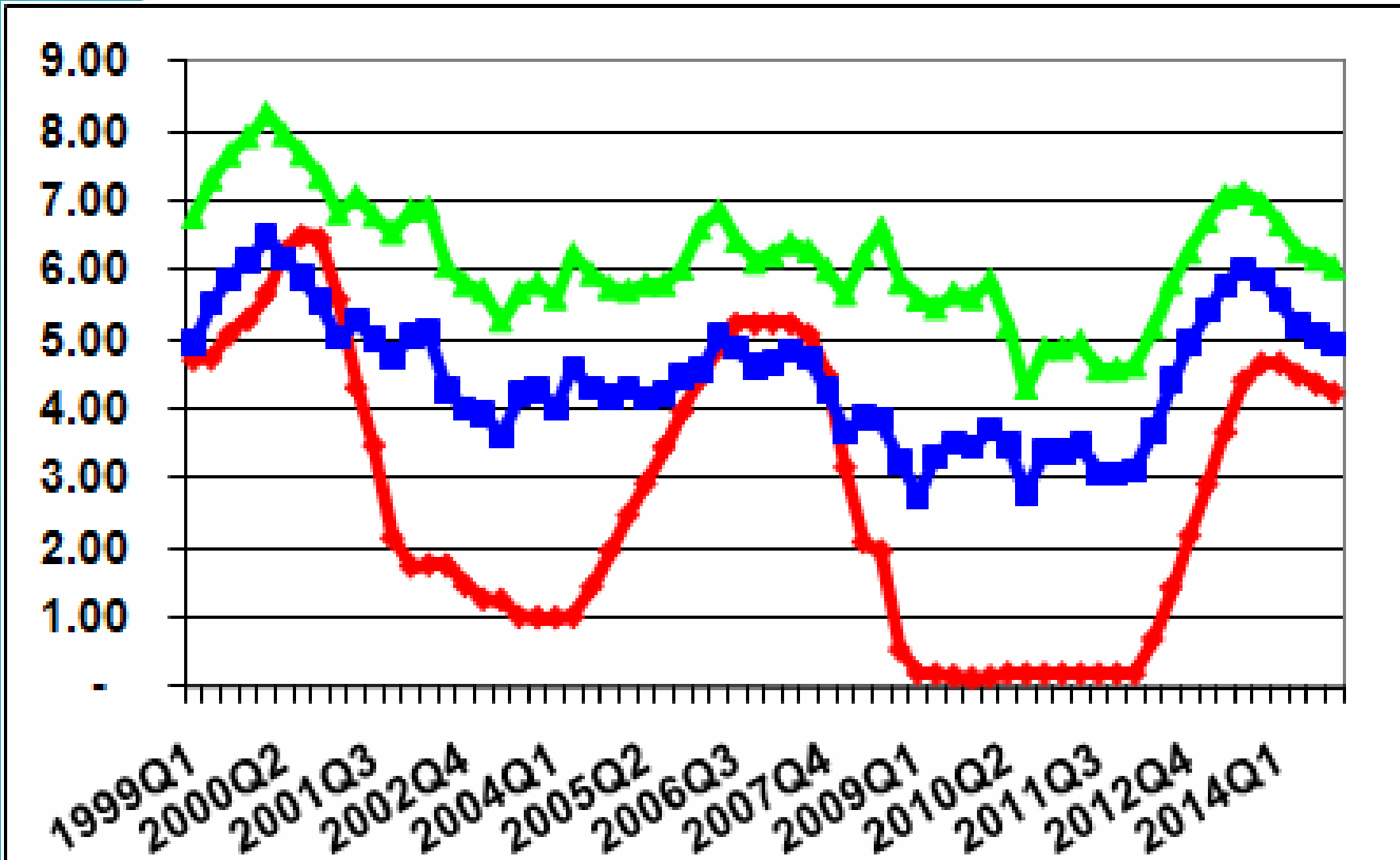
Little Bond Market Reaction Yet 10-Year Bond v. BAA Corporates



Spread Bonds v. BAA Corporates

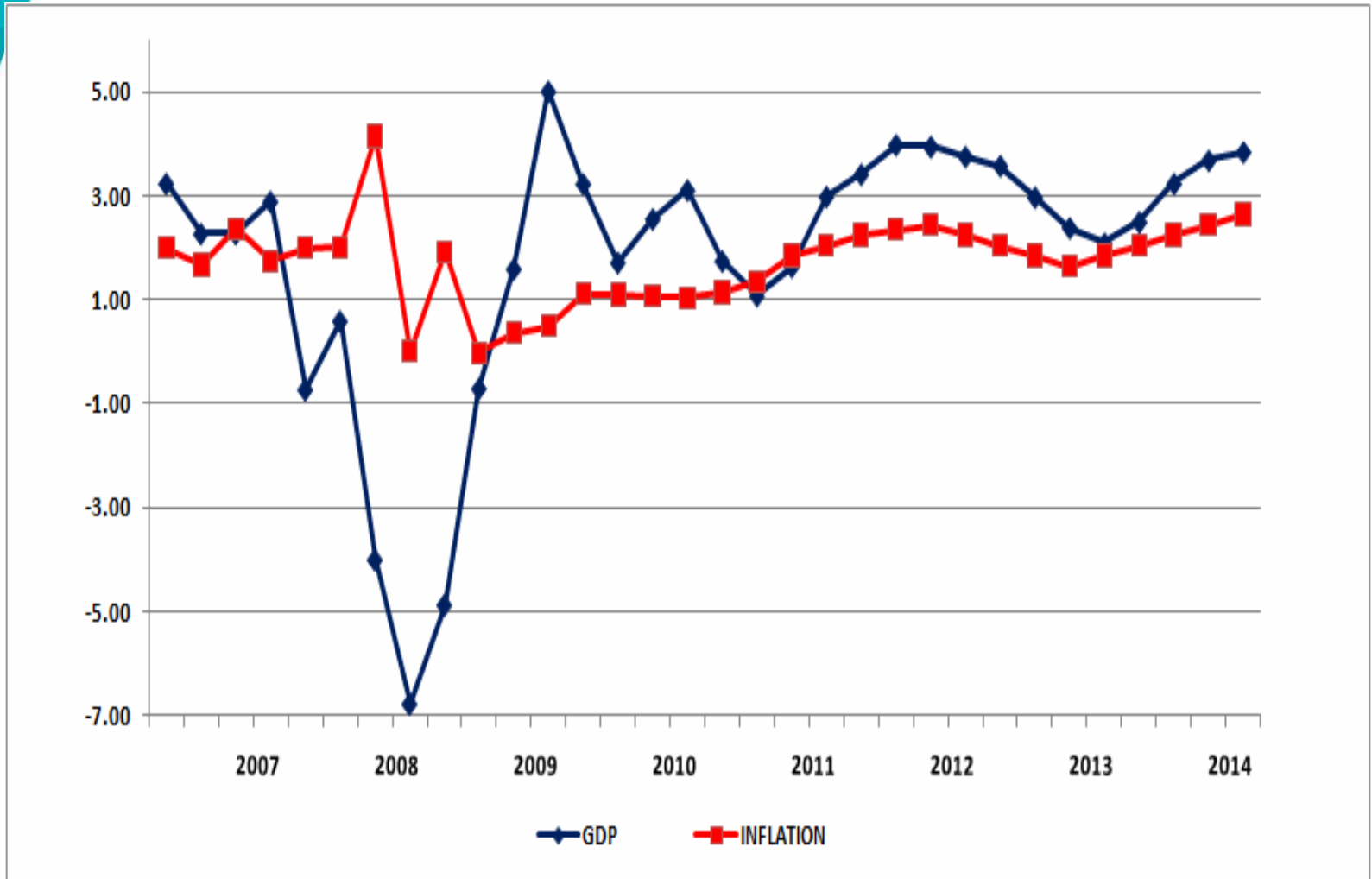


INTEREST RATES

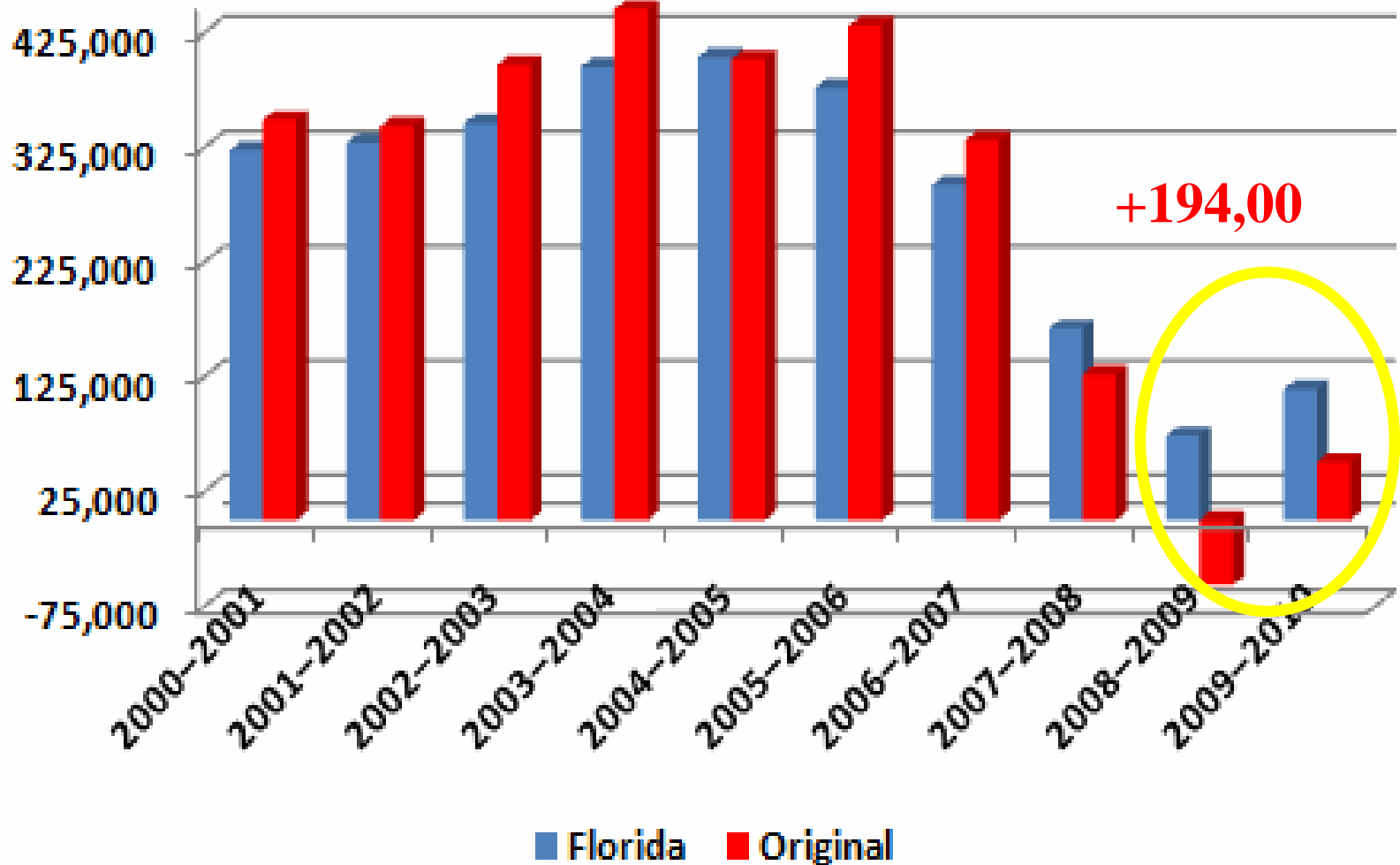


GDP AND INFLATION

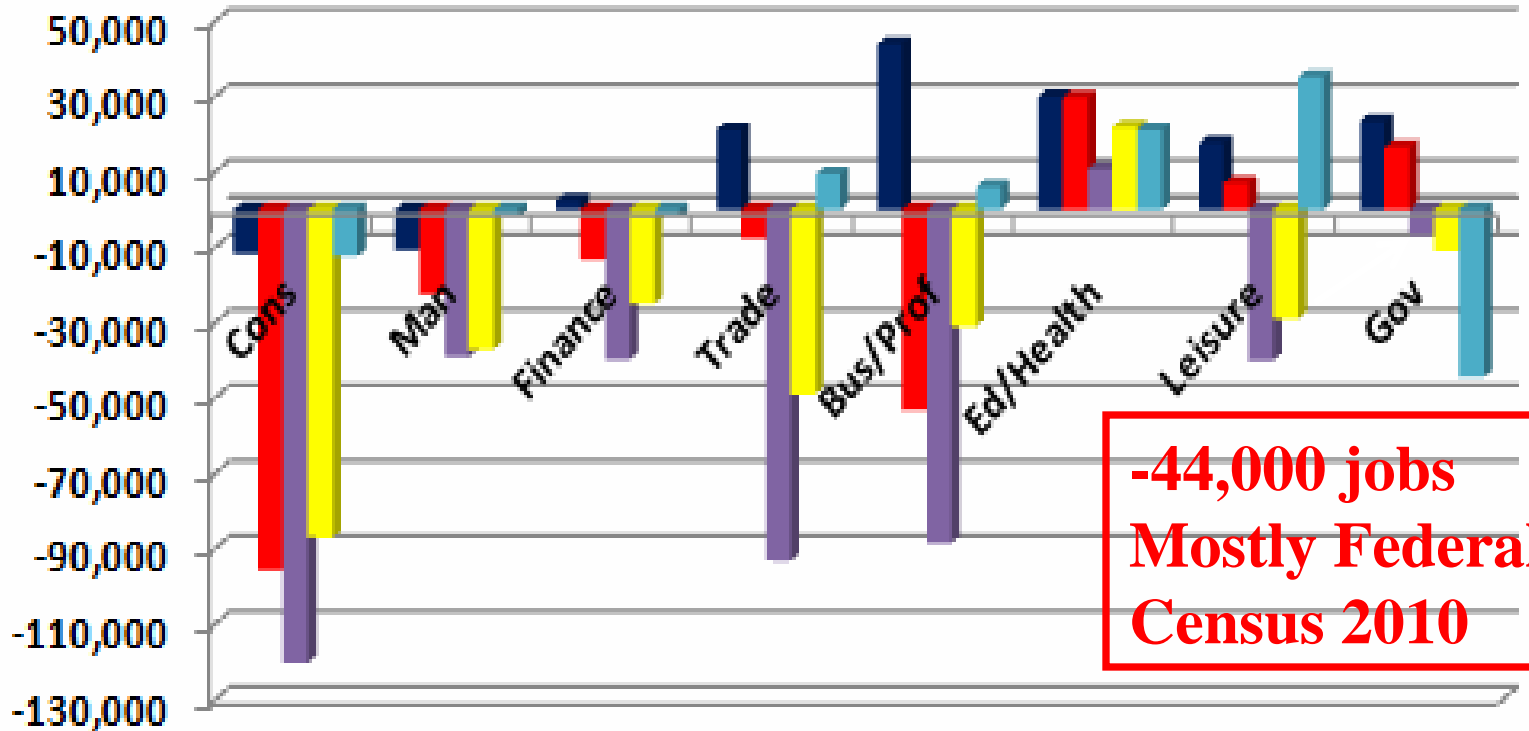
(Percent growth SAAR)



Florida Population Growth



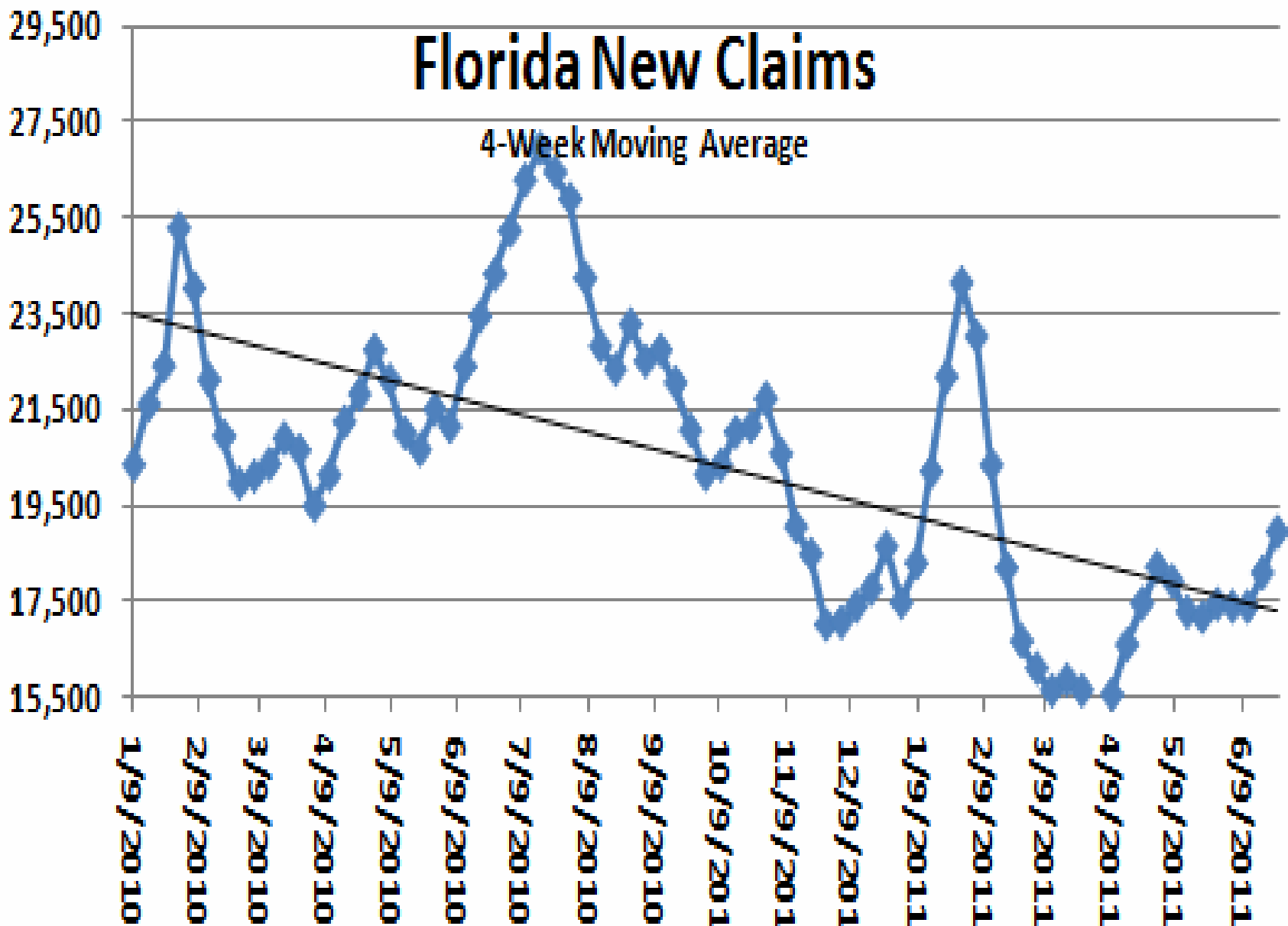
Florida Employment Growth Year-over-Year Changes



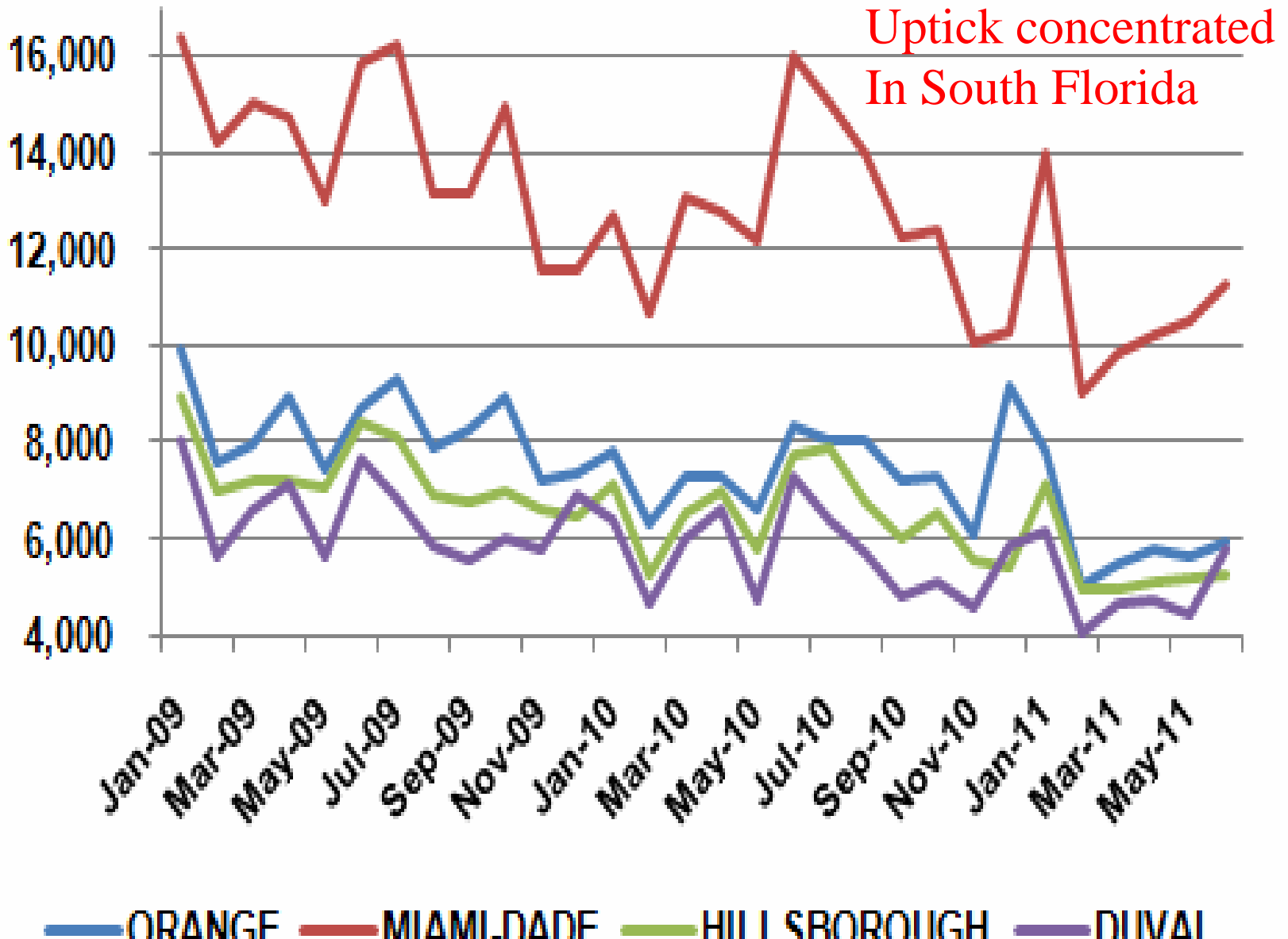
**-44,000 jobs
Mostly Federal
Census 2010**

■ 2006 +129,300/1.6% ■ 2007 -140,100/-1.7% ■ 2008 -467,800/-5.9%

■ 2009 -282,000/-3.8% ■ YOY 5-11 +11,100/+0.2%

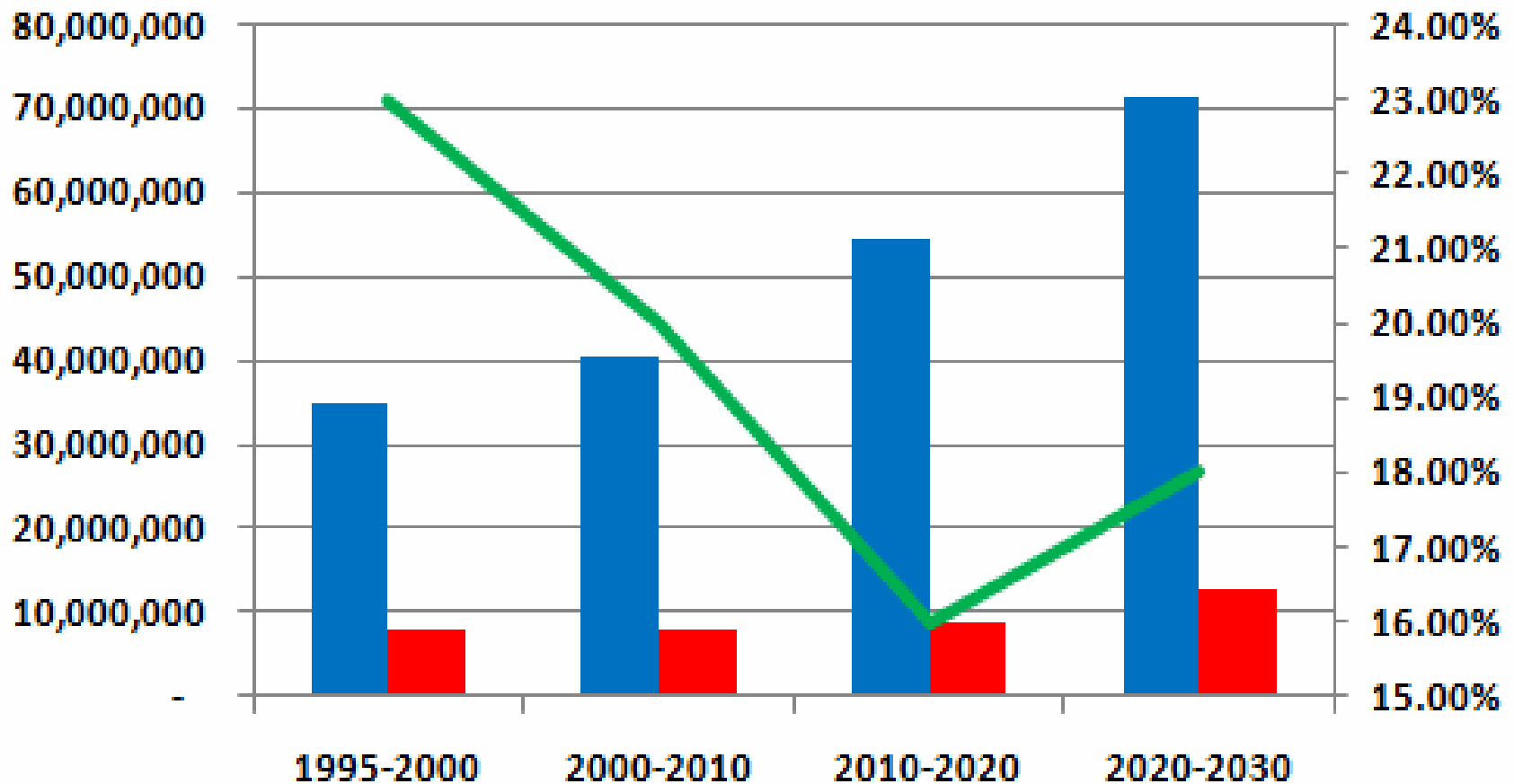


New Jobless Claims



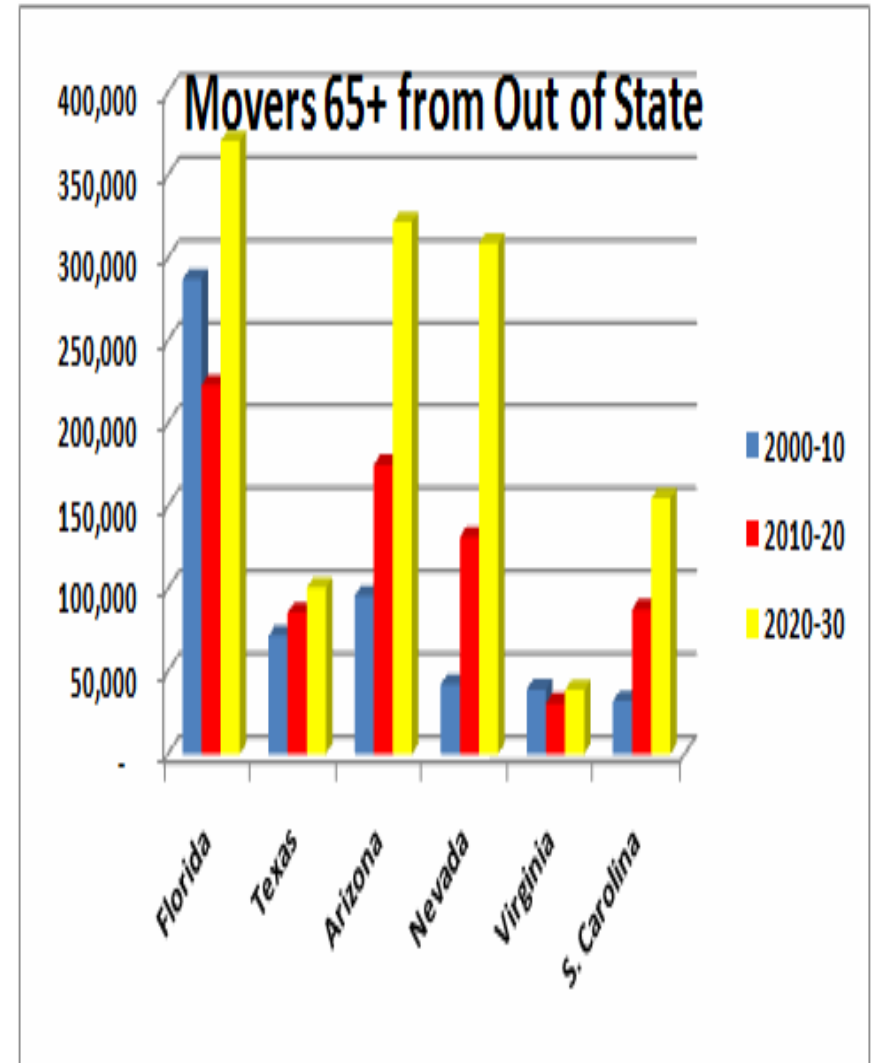
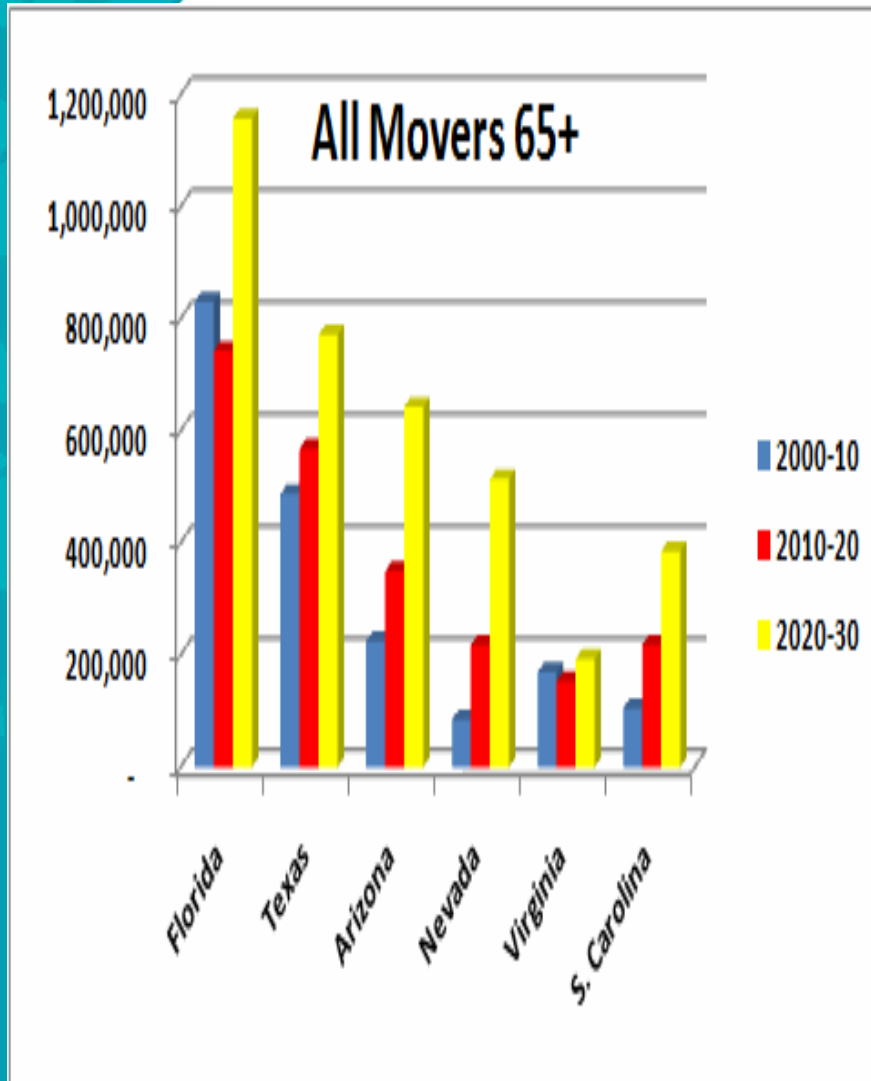
Data as of May 2011	Unemployment Rate	Job Loss	Job Loss
Bradenton-Sarasota	10.3%	-1.1%	-2,800
Cape Coral-Ft. Myers	10.8%	-5.4%	-3,600
Deltona-Daytona Bch.	10.5%	0.7%	1,100
Florida	12.2%	0.2%	11,200
Ft. Lauderdale-Pompano	9.0%	5.0%	3,600
Ft. Walton Bch	6.9%	1.6%	1,300
Gainesville	7.3%	0.4%	500
Jacksonville	9.7%	0.2%	1,200
Lakeland-Winter Haven	10.8%	-1.2%	-2,300
Miami	13.7%	0.4%	3,700
Naples	9.9%	-0.7%	-800
Ocala	11.9%	-1.8%	-1,700
Orlando-Kissimmee	9.9%	0.7%	6,600
Palm Bay-Melbourne	10.8%	-3.4%	-6,800
Palm Coast	13.8%	-3.2%	-600
Panama City	9.4%	0.5%	400
Pensacola	9.5%	0.1%	100
Port St. Lucie	11.7%	-1.3%	-1,600
Punta Gorda	10.4%	-1.0%	-400
Tallahassee	7.7%	0.4%	600
Tampa-St. Petersburg	10.5%	0.4%	4,700
Vero Beach	12.5%	0.0%	0
West Palm-Boca Raton	10.2%	0.0%	200

More People 65+ But Fewer Will Move/Retire

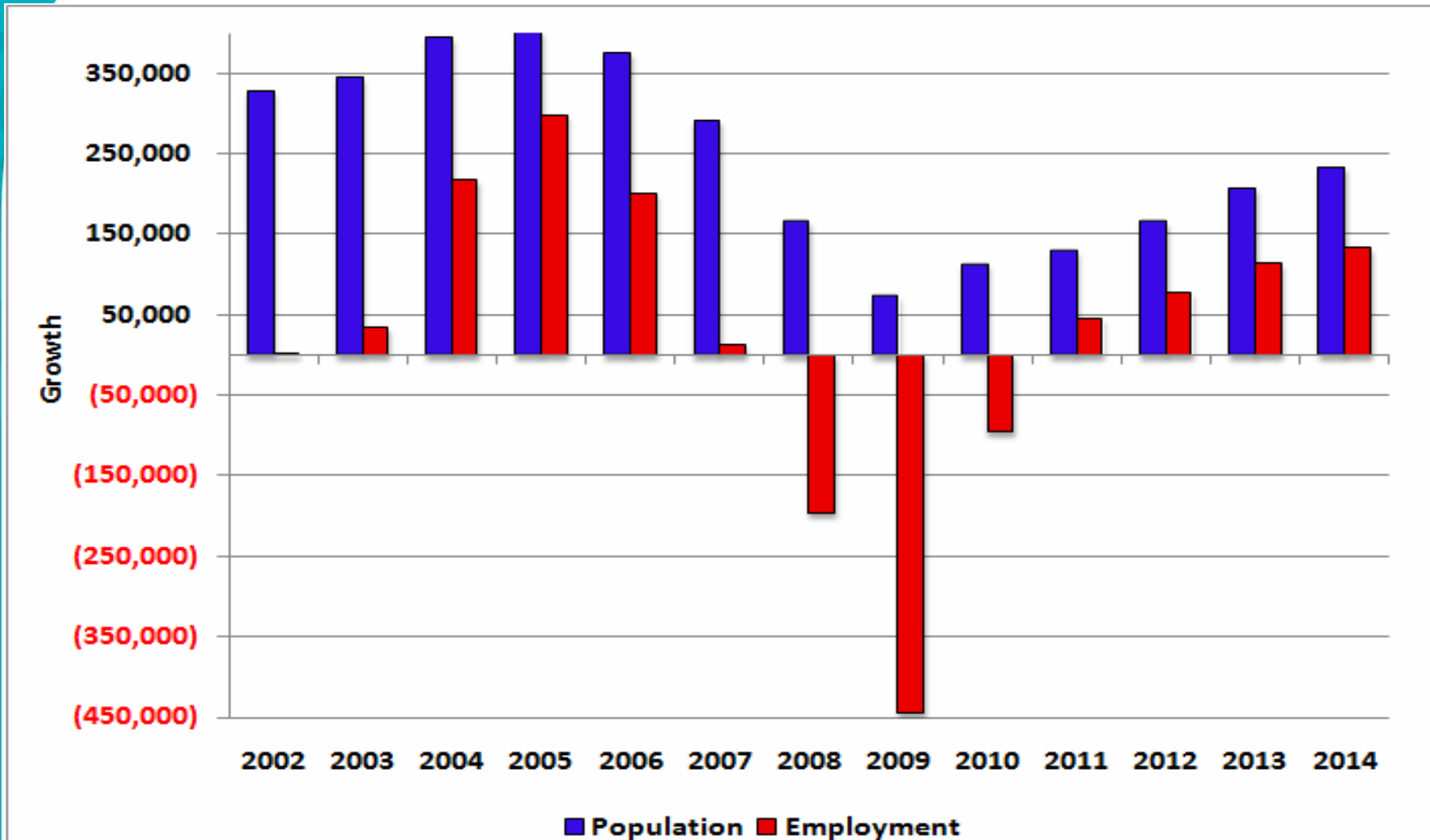


 Total Population 65+  Movers  % Mover

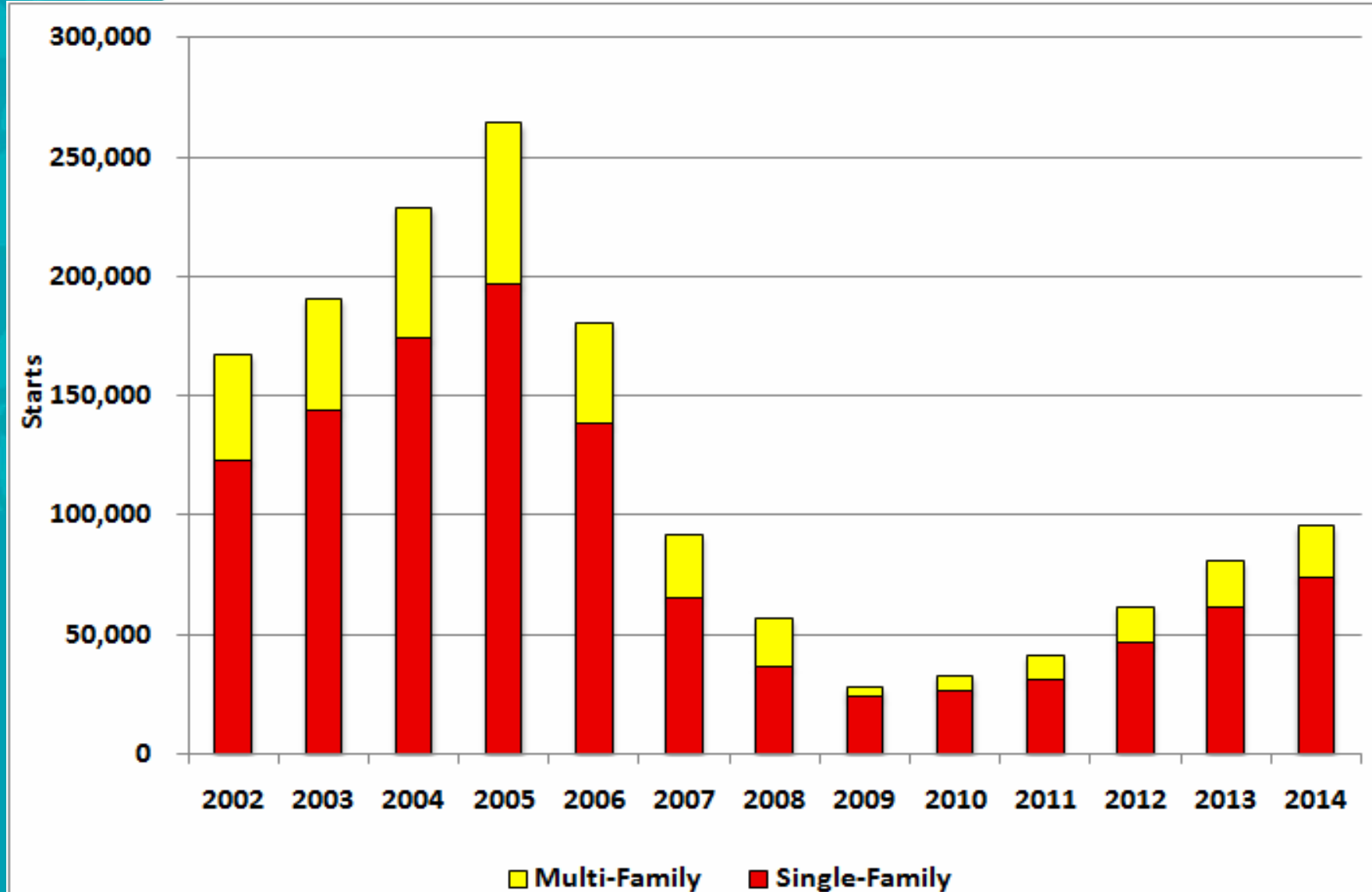
Florida Will Attract Most People 65+



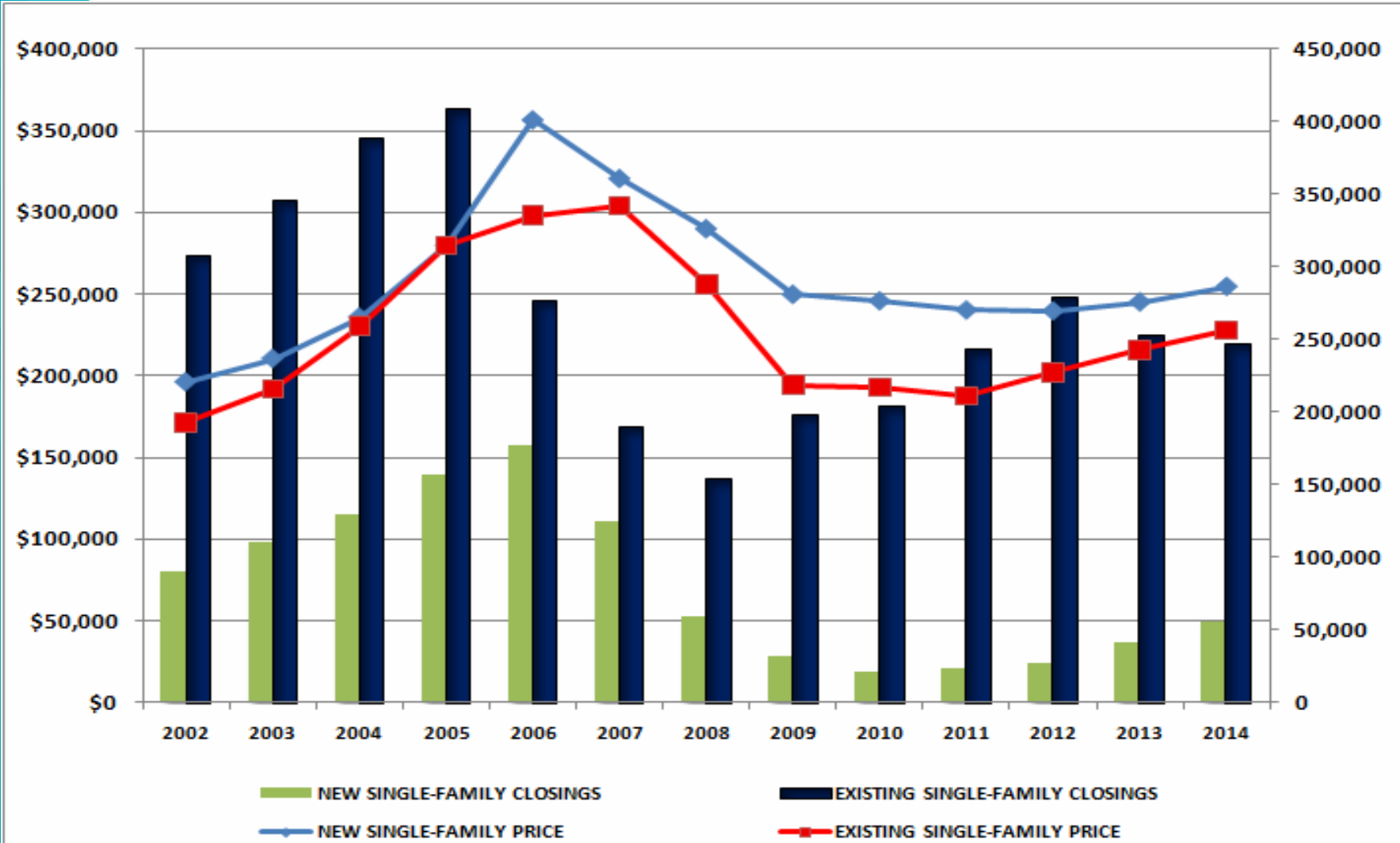
Florida Growth Forecast Population and Employment



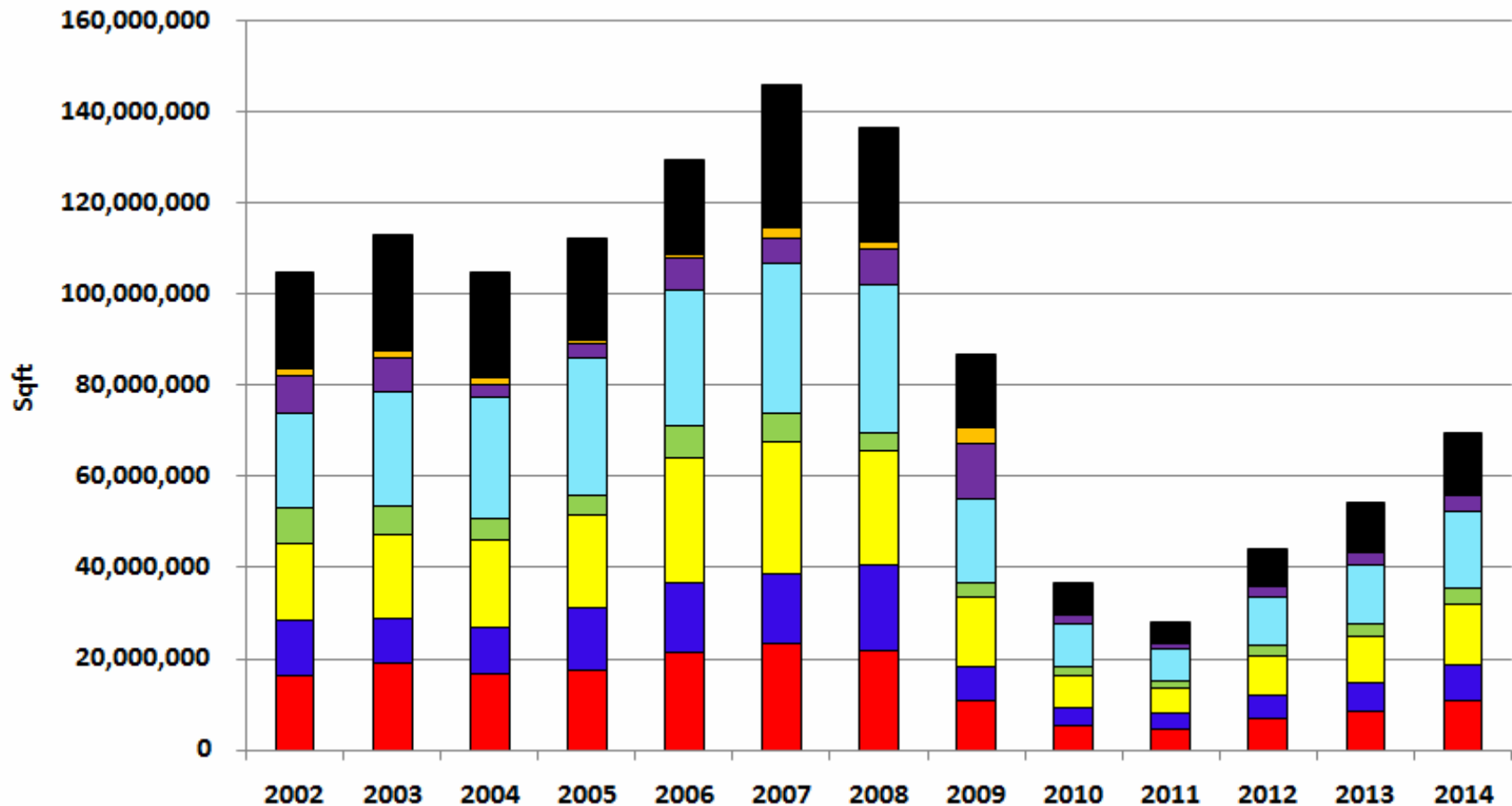
Housing Starts



Single-Family Pricing and Closing Volumes



Non Residential Construction Put in Place in Square Feet





The End